



Core Equity Portfolio

Write your own chapter in India's growth story with the Core Equity Portfolio (CEP). An exclusive offering from Aditya Birla Sun Life AMC Ltd - Portfolio Manager, CEP gives you the opportunity to invest in businesses that are central to the country's growth drive.

This portfolio helps you identify these businesses and participate in their growth journey in the medium to long-term. By investing in CEP, you also get to practise value investing.

Investor profile

Core Equity Portfolio is an ideal investment option for investors seeking a long-term participation in India's growth journey through investment in Indian equities.

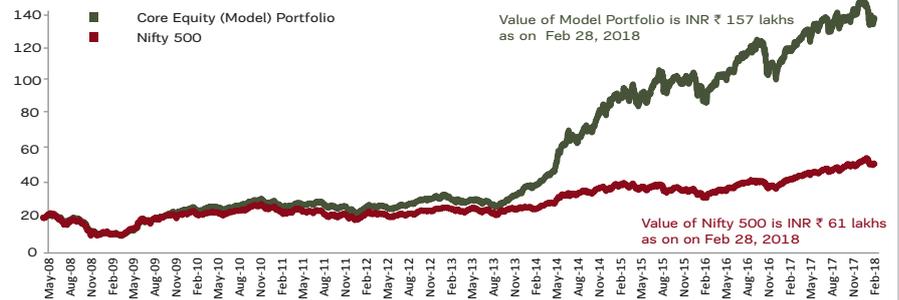
Consistency of performance across market cycles

What creates this sustainable wealth-creation portfolio?

The Core Equity Portfolio consists of 25-30 stocks selected from a multi-cap universe. The investment approach is founded on four pillars:

- Sustainable growth over long-term in select industries, which endeavors to make up for most of the GDP growth patterns.
- Focus on businesses that consistently create value through favourable industry operating conditions.
- Quantitative Screeners backed by fundamental research:
Comprehensive alert system to track industry-wise valuations.
Current studies include:
Recurring Winners Study,
Piotroski Scores.
- Value investing approach to generate alpha.

Growth of ₹ 25 lakhs since inception of Core Equity Portfolio



	Core Equity Portfolio (CEP)	Nifty 500	Outperformance
Absolute Return	529.4%	142.6%	386.8%
CAGR Return	20.4%	9.3%	11.0%

Returns depicted above are since the inception of the fund April 1, 2008 to Feb 28, 2018.
Past performance may or may not be sustained in the future.
Benchmark: Nifty 500

Point to point returns

	3 months	6 months	1 year	2 years	3 years	4 years	5 years	Since Inception
Core Equity Portfolio	-3.3%	2.6%	14.6%	24.5%	13.7%	34.3%	34.8%	20.4%
Nifty 500	1.2%	6.5%	20.1%	26.0%	8.6%	17.5%	15.6%	9.3%
Outperformance	-4.5%	-4.0%	-5.6%	-1.6%	5.2%	16.8%	19.1%	11.0%

Returns (%) As on Feb 28, 2018.
Returns up to 1 year period are absolute figures while those greater than 1 year period are CAGR.
Past performance may or may not be sustained in the future.

(Source : Internal ABSLAMC Research)

Portfolio Managers



Vishal Gajwani

With over 10 years of experience in equity research and portfolio management, Vishal has extensive expertise in researching companies across sectors and market capitalisations. Prior to this assignment he was a part of Reliance Portfolio Management Services (a part of Reliance Capital Asset Management Ltd), where he was designated as an Assistant Fund Manager and was responsible for managing equity portfolios.

He is a Gold Medal winning Chartered Accountant (ICAI, India) and holds a Masters degree in Commerce from M. S. University of Baroda. Vishal received 4 Gold Medals, including the Chancellor's Gold Medal, for topping the Master of Commerce Exams. Vishal is also a CFA charter holder from the CFA Institute (The Global Association of Investment Professionals), USA.



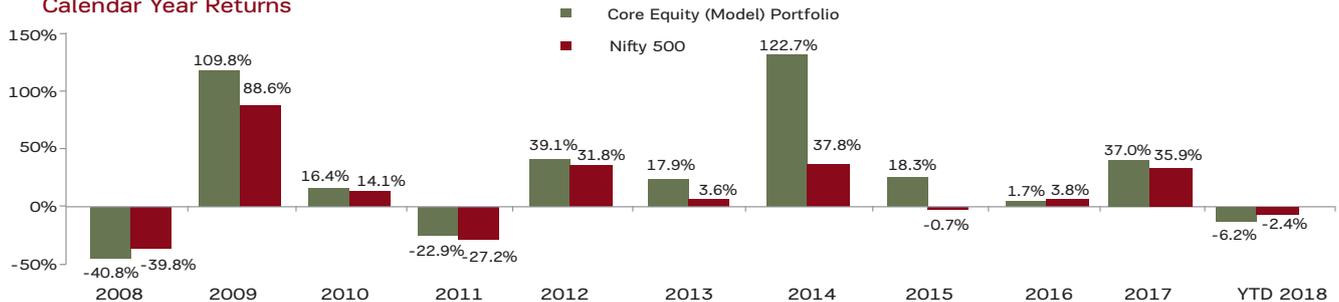
Natasha Lulla

Over 9 years of experience in equity research and fund management. Prior to joining Birla Sun Life Portfolio Management Services, Natasha was working with Goldman Sachs as an equity analyst covering India Materials sector. In her earlier stint at Goldman Sachs, she was responsible for Portfolio Strategy for ASEAN regions and also covered Singapore Real Estate.

Natasha holds a Masters in Business Administration (Finance Major) from Management Development Institute, Gurgaon and was a Gold Medal winner in each of the two years. She was also awarded a Gold Medal for achieving 1st rank in the Finance stream. Natasha has done her graduation in Economics from Lady Shri Ram College, New Delhi and graduated amongst the top 1% in Delhi University.

Portfolio Analytics

Calendar Year Returns

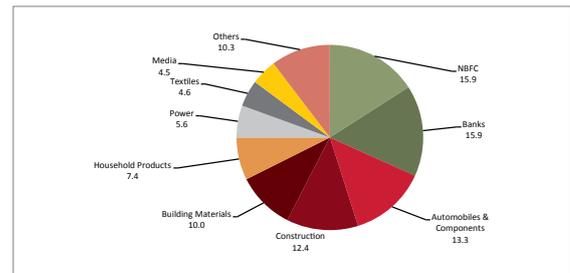


Top 10 Portfolio Holdings

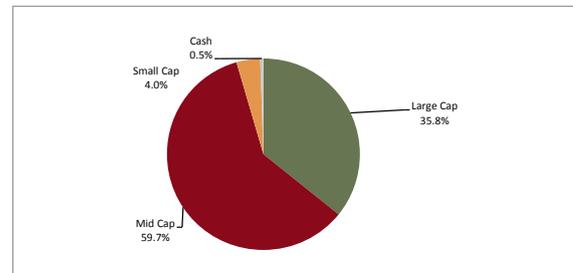
Sr. No.	Company Name	% to Net Assets
1	Yes Bank	7.08
2	Maruti Suzuki India	6.26
3	Century Plyboard India	5.89
4	RBL Bank	5.68
5	Cholamandalam Investment and Finance Company	4.65
6	K.P.R. Mill	4.62
7	Zee Entertainment Enterprises	4.48
8	Gulf Oil Lubricants India	4.36
9	Cera Sanitaryware	4.15
10	Dixon Technologies	4.01

(Source: Internal ABSLAMC Research). All data as on Feb 28, 2018. Past performance may or may not be sustained in the future.

Sector Allocation (As per GICS Sector Classification)



Market Cap Bias



Portfolio Manager's Commentary

Equity Outlook

The recently concluded quarter saw the faith of investors getting restored in the corporate earnings growth story of India Inc. as many companies declared improved profitability with modest rise in revenue growth. So far as the Core Equity Portfolio is concerned, the performance of portfolio companies has been very positive, with the companies delivering 24% profit growth for the quarter versus just about 7% for the benchmark.

In terms of sectors, Automobile sector saw robust growth supported by weak base in last year. Our portfolio companies like Maruti Suzuki, Eicher Motors & Ashok Leyland witnessed strong revenue growth of 14%, 23% & 47% respectively. This helped the companies to report even higher profit growth. The government push on the Infrastructure sector coupled with growth in the commercial vehicles demand puts Ashok Leyland on a strong foothold in the segment. The strong demand trends in the commercial vehicles also bodes well for the portfolio companies like Gulf Oil Lubricants and Cholamandalam Investments, both of which reported very strong profit growth of around 60% in this quarter.

Coming to the Consumer Durables space, the sector continues to witness strong demand traction, with support from the government in the form of hike of import duty & GST implementation which may positively impact the organized players in the future too.

In the Financial sector, NBFCs reported strong numbers in the December quarter aided by low base & steady improvement in demand conditions. Festive demand improvement provided an impetus to the sector. Private sector banks witnessed a decent quarter with Yes bank & RBL bank reporting PAT growth of 22% & 28% respectively, with marginal improvement in asset quality & are among the top holdings in our portfolio.

The Cement sector reported a mixed quarter. There was increase in volumes but high raw material cost & ban on petcoke affected the numbers. Our portfolio company Shree Cement reported satisfactory results with revenue & PAT growth of 24% & 41% respectively.

Infrastructure sector saw a decent growth in earnings. The efforts by the government to boost the spending on roads & urban infrastructure projects has helped construction companies improve their order book position. J Kumar Infraprojects reported a healthy 24% PAT growth for the quarter.

We had our share of result disappointments too with companies like NBCC and Manappuram finance reporting subdued numbers. However, the outlook in case of both these companies looks promising.

Portfolio Action

In the month of Feb, The Core Equity Portfolio outperformed the Nifty 500 by about 2%. The top contributors to the portfolio were Cholamandalam Investments, Gulf Oil Lubricants and Ashok Leyland. Some performance was dragged down by NBCC, Yes Bank & Maruti Suzuki. Our overweight positions in Construction and Cement sectors contributed positively to the portfolio.

We are positive on the general insurance space and have recently added Bajaj Finserv to the portfolio. Through Bajaj Finserv we are also playing the improved pricing traction that the general insurance space is currently witnessing. We continue to believe that players with strong solvency ratios will be able to grow at a sharp pace with strong profitability.

Our conscious decision to avoid PSU Bank exposure has helped the portfolio in these uncertain times. In the Private bank space, we own Yes Bank, RBL Bank and DCB Bank. All three of them have reported strong results for the quarter gone by and the outlook seems positive. We continue to prefer private sector banks, especially corporate-oriented ones or those with greater retail presence or moats around retail liability.

The CV cycle is expected to see a strong revival in the years to come and the industry is expected to grow in high double digits in FY19. The CEP is well positioned to benefit from this trend as Ashok Leyland, Gulf Oil Lubricants and Cholamandalam (CV Financing) are part of the CEP portfolio and together form around 13% of the overall portfolio.

The implementation of E-way bill will be a significant positive for several of our portfolio companies within the logistics and building material space such as VRL logistics, Century Plyboard, Cera Sanitaryware and Eveready Industries.

We expect the long term performance of the markets to be driven by high quality and high growth stocks which are trading at reasonable valuations. Our portfolio is well positioned considering that portfolio valuation is at 10% discount to benchmark, while the ROE and Net Profit growth are at 56% and 36% premium to the benchmark respectively.

Our belief is that earnings growth will drive the next leg of returns over the next 2-3 years post the valuation multiple re-rating witnessed in the current rally, which is reflected in our portfolio positioning, with a composite portfolio earnings growth of around 25% annually over the next 3 years. Our sectoral preferences continue to be consumer discretionary (21% weight), Financials (32% weight) and Industrials (25%) as we see these to be the primary beneficiaries of the expected economic growth.

(Source: Bloomberg, ABSLAMC Internal Research)

Disclaimer: The views expressed above are the views of the Fund Managers of Core Equity Portfolio and should not be construed as an investment advice.

Investments in securities are subject to market risks and there can be no assurance or guarantee that the objectives of the Product will be achieved. Past performance may or may not be sustained in future.

Risk Ratios

Analytics for period ending Feb 28, 2018	Benchmark	Standard Deviation	Sharpe Ratio*	Beta	PTO (%)
Core Equity (Model) Portfolio	Nifty 500	15.84%	0.56	1.02	44.2

*Risk-free rate assumed to be 6.05% (MIBOR as on Feb 28, 2018)

Above ratios are calculated on Annualised basis using 3 year history of monthly data points

Portfolio Key Facts

Inception Date	April 1, 2008
Benchmark	Nifty 500
Type of portfolio	Open-ended Discretionary Portfolio
Minimum Investment Amount for New Account Opening	₹ 25 lacs OR such other amount as decided by the Portfolio Manager at its sole discretion
Recommended Investment Horizon	At least 3 years
Taxation	Investors are advised to seek consultation from their Independent Financial Advisor / Tax Advisor before making any investment decision.
Key risks	Equity Market Risk

Risk Factors and Disclaimers

Model Portfolio refers to portfolio of earliest investor in the product and in case of redemption of the model client, portfolio of earliest client in the said product rebased for computation of returns. It refers to specific investments that the investor will have in his portfolio when it is completely built-up over a period of time. Past performance may not be sustained in the future. Investments in securities are subject to market risks. Please refer to disclosure document. The returns are absolute for the period mentioned less than 1 year and in CAGR for the period more than 1 year. Individual portfolios of investors may vary from the model portfolio due to factors such as timing of entry and exit, timing of additional flows and redemptions, individual investor mandates (if any), specific portfolio construction characteristics or structural parameters. These factors may have bearing on individual portfolio performance and hence individual returns of investors for the said portfolio type may vary from the data on performance of the portfolio depicted above. Neither the Portfolio Manager nor the Asset Management Company, its Directors, employees or sponsors shall in any way be liable for any variation in the actual returns of individual portfolios.

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